

AR30

THE JOCKEY CLUB LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED

DECEMBER 31, 1969





contents

Page

Directors and Officers	1
Report of Board of Directors	2
Consolidated Balance Sheet	6
Statement of Consolidated Earned Surplus	8
Auditors' Report	8
Statement of Consolidated Profit and Loss	9
Statement of Consolidated Source and Application of Cash	10
Notes to Consolidated Financial Statements	11
Subsidiary Companies (inside back cover)	

THE JOCKEY CLUB LIMITED Toronto, Ontario

directors	J. H. ADDISON	- - - - - Willowdale, Ontario
	J. ELGIN ARMSTRONG	- - - - - Brampton, Ontario
	†CHARLES BAKER	- - - - - King, Ontario
	DOUGLAS BANKS	- - - - - Nashville, Ontario
	G. M. BELL	- - - - - Calgary, Alberta
	*C. F. W. BURNS	- - - - - King, Ontario
	*H. J. CARMICHAEL	- - - - - Toronto, Ontario
	C. R. DIEBOLD	- - - - - Buffalo, N.Y.
	D. G. FORMAN	- - - - - Williamsville, N.Y.
	G. C. FROSTAD	- - - - - Burlington, Ontario
	*GEORGE R. GARDINER	- - - - - Toronto, Ontario
	THE RIGHT HONOURABLE VISCOUNT HARDINGE	- - - - - Montreal, P.Q.
	*GEORGE C. HENDRIE	- - - - - Toronto, Ontario
	J.-L. LÉVESQUE	- - - - - Outremont, P.Q.
	R. S. McLAUGHLIN	- - - - - Oshawa, Ontario
	F. M. McMAHON	- - - - - Vancouver, B.C.
	*JOHN J. MOONEY	- - - - - Toronto, Ontario
	WARD C. PITFIELD	- - - - - Toronto, Ontario
	M. D. RICHARDSON	- - - - - Aurora, Ontario
	WOLFGANG von RICHTHOFEN	- - - - - Campbellville, Ontario
	*J. E. FROWDE SEAGRAM	- - - - - Waterloo, Ontario
	F. H. SHERMAN	- - - - - Hamilton, Ontario
	*CONN SMYTHE	- - - - - Toronto, Ontario
	C. P. B. TAYLOR	- - - - - London, England
	*E. P. TAYLOR	- - - - - Bahama Islands
	D. G. WILLMOT	- - - - - King, Ontario

†Chairman of Executive Committee

*Executive Committee

officers	E. P. TAYLOR	- - - - - Chairman of the Board
	GEORGE C. HENDRIE	- - - - - President
	JOHN J. MOONEY	- - - - - Executive Vice-President and Managing Director
	R. S. McLAUGHLIN	- - - - - Vice-President
	J. E. FROWDE SEAGRAM	- - - - - Vice-President
	ALLAN G. ISBISTER, C.A.	- - - - - Vice-President-Finance and Treasurer
	JOHN H. KENNEY	- - - - - Assistant General Manager
	SIGURD C. CARLSEN	- - - - - Secretary
	ROLAND B. ROBERTS	- - - - - Assistant Treasurer

solicitors	FISHER & HOLNESS	- - - - - Toronto, Ontario
-------------------	------------------	----------------------------

auditors	CLARKSON, GORDON & CO.	- - - - - Toronto, Ontario
-----------------	------------------------	----------------------------

transfer agents	NATIONAL TRUST COMPANY, LIMITED	- - - - - Toronto, Montreal, Winnipeg and Vancouver
and registrars	BANK OF NEW YORK	- - - - - New York

ANNUAL REPORT OF THE BOARD OF DIRECTORS TO THE SHAREHOLDERS

Your Directors present herewith the annual report of your Company, together with the consolidated financial statements and report of the auditors for the year ended December 31, 1969.

**race
meetings**

The thoroughbred and harness race meetings followed the same general pattern as in 1968 except that the summer thoroughbred meeting at Greenwood and the summer harness meeting at Mohawk were not conducted and the racing days were allocated to other meetings.

The number of racing days at each of your Company's race tracks during the last three years was as follows:

	1969	1968	1967
Thoroughbred racing at Woodbine	86	76	80
Greenwood	54	66	60
Fort Erie	56	54	56
	<u>196</u>	<u>196</u>	<u>196</u>
Harness racing at Greenwood	132	126	118
Mohawk	66	77	91
Garden City	72	65	66
	<u>270</u>	<u>268</u>	<u>275</u>
	<u>466</u>	<u>464</u>	<u>471</u>

The 1970 thoroughbred racing season, consisting of 197 days, opened at Greenwood on March 26th and will conclude at the same race track on December 5th. The 1970 harness racing season, consisting of 268 days, opened at Greenwood on January 1st and will conclude at Mohawk on December 19th.

**financial
results of
operations**

As shown on the accompanying statement of consolidated profit and loss, gross revenues and operating expenses for the year increased by \$3,447,544 (13.4%) and \$1,996,258 (9.8%) respectively, in comparison with the previous year. Profit from operations increased by \$1,440,239 and, after deducting financial expenses, income taxes and the interests of minority shareholders, the net profit for the year increased by \$723,777. Earnings per common share, after providing for dividends on preference shares, amounted to 33.0¢ during the year compared with 20.8¢ in 1968.

There were three important factors contributing to the higher gross revenues to which specific reference should be made. Firstly, Sunday horse racing, which was inaugurated mid-way through the 1968 season,

proved successful in 1969 when it was conducted throughout the Fort Erie, Woodbine and Garden City meetings. Secondly, federal legislation increasing the percentage of the pari-mutuel handle permitted to be retained by racing associations came into effect on July 1st, 1969 and implementation of the permitted increases added to your Company's revenues during the balance of that year. Thirdly, the increase in the general admission price from \$1.25 to \$1.50 became effective with the commencement of the 1969 racing season.

Average daily wagering on thoroughbred racing increased by 11.3% and on harness racing increased by 7.2%, compared with 1968. Average daily attendance was greater by 2.9% at thoroughbred racing and 1.6% at harness racing.

The increase in operating expenses was mainly attributable to a higher purse distribution and increases in salary and wage costs. In this connection, it should be noted that purse distribution is based upon a percentage of the amount which the Company retains from the wagering. Accordingly, the increases in both wagering and the amount retained resulted in the higher purse distribution in 1969.

capital expenditures

The projects referred to in the last annual report have been completed.

In order to compete effectively for the public's leisure time and discretionary income, it is necessary to upgrade the appearance and comfort of our physical facilities. The current capital expenditure program is the result of considerable study and long term planning by your Directors and management.

The clubhouse at Woodbine has been expanded to provide additional seating, increased wagering facilities, a dining terrace overlooking the race course and more licensed lounge areas. At Greenwood, where winter harness racing has proven to be an extremely popular attraction, approximately 3,300 seats will be glass-enclosed. The enclosure will be heated and air-conditioned and escalators to this area will be provided. Also at Greenwood some administrative offices are being relocated in order to provide additional areas for wagering facilities.

financing

In August 1969 the Company offered to the holders of its common shares the right to subscribe for additional common shares in the proportion of 2 common shares for each 25 common shares held on July 28th, 1969. Of the total of 438,632 shares offered, 404,196 shares, or 92.1%, were taken up adding a total of \$1,818,882 to the equity capital of the Company.

developments and prospects

In 1970, as in the two previous years, provision has been made in the provincial budget for the "encouragement and improvement of horse racing in Ontario" through the allocation of a sum of money for grants to augment purses, other than for stakes races, and for breeders' awards, equine research, etc. Although the budget has not been approved by the



EARLE C. MORGAN AND PAGE & STEELE • ARCH

Architects' Sketch of Woodbine Showing Clubhouse Extension

Legislature as at the date of this report, it has been estimated that the aggregate amount available for distribution in purse grants at your Company's race tracks during the period April 1st, 1970 to March 31st, 1971 will be \$1,040,000. This compares with \$1,063,390 during the Government's 1969-70 fiscal year and \$1,104,055 during its 1968-69 fiscal year. As mentioned in the notes to the financial statements, purse grants disbursed at our race tracks have not been included in income or expenses in the statement of profit and loss for the year.

Effective January 1st, 1970, the clubhouse admission price at your Company's race tracks was increased from \$2.50 to \$3.00. This was the first change in the clubhouse admission price in eight years.

At the commencement of the 1970 Fort Erie spring meeting, a nine race program was introduced for thoroughbred racing. The policy of conducting an additional race applies to Fort Erie and Woodbine but not to Greenwood where six days, rather than five days, of racing are conducted each week during thoroughbred race meetings. The new policy, which will be reviewed periodically in the light of public response and its effect upon the quality of thoroughbred racing, is subject to change at any time.

The question of legalized off-track betting is one which remains the subject of much comment in the press and elsewhere. As the issue is of

major importance to horse racing, your Directors and management have made an extensive study of its economic and technical implications to our operations and appropriate representations have been made to the federal and provincial governments. Your Company is prepared to co-operate through participation in a system of off-track betting, provided that the interests of the general public and all segments of the racing industry are fully protected.

Management has continued to be aware of the existence of off-track messenger betting operations. Statements have been attributed to various persons responsible for these outlets as to the degree of public patronage they have enjoyed. However, there has been no significant or measurable reflection of these activities insofar as our statistics for total mutuel handle or per capita wagering at race meetings to date are concerned. This aspect of the industry will be kept under our continuing scrutiny.

Although it is encouraging that the net profit for 1969 was the highest in the Company's experience, your Directors are concerned about the outlook for 1970. As mentioned in commenting upon the financial results of operations, there were some new and significant factors which contributed towards the growth of revenues in 1969. These new factors will continue to benefit your Company in 1970 but, in the light of current economic trends, it is doubtful that revenues will increase to the extent necessary to offset rising and uncontrollable costs.

directors

It is with extreme regret that we report the deaths during the past year of Mr. Allen Case, who gave many years of invaluable service to your Company as a Director and Vice-President, and Mr. E. H. Thomson, who was elected a Director of your Company at the last annual meeting and passed away after serving in that capacity for only a few months.

Your Directors express their appreciation of the support received from the Directors of The Fort Erie Jockey Club Limited. It is also with extreme regret that we record the death of Mr. Walter Yates, who served as a Director of that company.

Your Directors also wish to thank all those who, in their various capacities, contributed to the success of the Company's operations.

On behalf of the Board of Directors,

E. P. TAYLOR,
Chairman.

Toronto, May 22, 1970.

THE JOCKEY

(Incorporated under the laws of the State of New York)
AND ITS SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

(with comparative figures for 1968)

assets

	1969	1968
Cash and short term investments	\$ 2,480,917	\$ 472,507
Accounts receivable	295,677	232,601
Prepaid expenses	173,793	143,728
Mortgage due May 1975	294,202	338,912
Fixed assets—at cost:		
Land and land improvements	3,734,408	3,734,408
Buildings and equipment	47,520,663	45,889,974
Less accumulated depreciation	13,358,568	12,100,871
	<u>34,162,095</u>	<u>33,789,103</u>
	37,896,503	37,523,511
Bond and debenture discount less amounts written off	354,700	416,500
Goodwill—at cost	2,796,042	2,796,042
On behalf of the Board:		
E. P. TAYLOR, <i>Director</i>		
GEORGE C. HENDRIE, <i>Director</i>		
	<u>\$44,291,834</u>	<u>\$41,923,801</u>

(See accompanying notes to consolidated financial statements)

UB LIMITED

(In accordance with the laws of Ontario)

BY COMPANIES

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 1969

(December 31, 1968)

liabilities

	1969	1968
Bank indebtedness		\$ 277,725
Accounts payable and accrued charges	\$ 1,599,455	1,035,281
Accrued bond and debenture interest	72,656	76,409
Income taxes payable	965,871	1,447,780
Dividends payable	85,719	87,169
Deferred income taxes (note 1)	813,000	653,000
Bonds and debentures payable (note 2)	12,419,000	13,289,000
Equity of minority shareholders in subsidiary companies	66,723	62,863
Shareholders' equity:		
Capital (note 3) —		
First preference shares	2,997,600	3,097,600
Second preference shares	3,000,000	3,000,000
Common shares	14,606,866	12,534,166
	<hr/>	<hr/>
	20,604,466	18,631,766
Earned surplus (note 4)	7,664,944	6,362,808
	<hr/>	<hr/>
	28,269,410	24,994,574
	<hr/>	<hr/>
	\$44,291,834	\$41,923,801
	<hr/>	<hr/>

(See the financial statements)

THE JOCKEY CLUB LIMITED

AND ITS SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED EARNED SURPLUS

for the year ended December 31, 1969

(with comparative figures for the year ended December 31, 1968)

	1969	1968
Balance at beginning of year	\$6,362,808	\$5,241,597
Add net profit for the year	2,195,782	1,472,005
	<u>8,558,590</u>	<u>6,713,602</u>
Deduct:		
Dividends declared during year on—		
First preference shares Series A	121,945	125,155
First preference shares Series B	55,411	57,639
Second preference shares 1963 Series	168,000	168,000
Common shares	548,290	
	<u>893,646</u>	<u>350,794</u>
Balance at end of year	<u>\$7,664,944</u>	<u>\$6,362,808</u>

(See accompanying notes to the financial statements)

Auditors' Report

To the Shareholders of
The Jockey Club Limited:

We have examined the consolidated balance sheet of The Jockey Club Limited and its subsidiary companies as at December 31, 1969, and the statements of consolidated profit and loss, earned surplus and source and application of cash for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, these financial statements present fairly the financial position of the companies as at December 31, 1969, the results of their operations for the year then ended and the factors giving rise to changes in their cash position during the year, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Canada,
April 8, 1970.

Clarkson, Gordon & Co.
Chartered Accountants

THE JOCKEY CLUB LIMITED

AND ITS SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED PROFIT AND LOSS

for the year ended December 31, 1969

(with comparative figures for the year ended December 31, 1968)

	1969	1968
Income:		
Commission on mutuel wagering	\$21,367,216	\$18,864,794
Admissions (not including taxes collected)	4,097,879	3,469,817
Concessions, programs and parking	3,264,007	3,109,889
Other income	427,058	264,116
Total	<u>29,156,160</u>	<u>25,708,616</u>
Operating expenses:		
Purses (note 5)	9,036,618	8,006,223
Salaries and wages	5,903,495	5,269,816
Other operating and maintenance expenses	7,336,895	7,004,711
Total	<u>22,277,008</u>	<u>20,280,750</u>
Profit from operations before depreciation . .	6,879,152	5,427,866
Depreciation	1,435,301	1,424,254
Profit from operations	<u>5,443,851</u>	<u>4,003,612</u>
Financial expenses (net):		
Bond and debenture interest and discount	708,068	775,253
Other interest	16,141	82,020
Total	<u>724,209</u>	<u>857,273</u>
Profit before income taxes and minority interests	4,719,642	3,146,339
Income taxes	2,520,000	1,670,000
Profit before minority interests	2,199,642	1,476,339
Minority interests	3,860	4,334
Net profit for the year	<u>\$ 2,195,782</u>	<u>\$ 1,472,005</u>
Taxes on wagering and admissions collected for taxation authorities	<u>\$16,231,614</u>	<u>\$14,548,591</u>
Earnings per common share	33.0¢	20.8¢
Common shares outstanding (average for year)	<u>5,609,947</u>	<u>5,394,701</u>

(See accompanying notes to the financial statements)

THE JOCKEY CLUB LIMITED

AND ITS SUBSIDIARY COMPANIES

STATEMENT OF CONSOLIDATED SOURCE AND APPLICATION OF CASH

for the year ended December 31, 1969

(with comparative figures for the year ended December 31, 1968)

	1969	1968
Cash provided:		
From operations—		
Net profit for the year	\$ 2,195,782	\$ 1,472,005
Minority interest in profits of subsidiary companies	3,860	4,334
Depreciation	1,435,301	1,424,254
Amortization of bond and debenture discount	61,800	65,900
Deferred income taxes	160,000	170,000
	<u>3,856,743</u>	<u>3,136,493</u>
Mortgage due May 1975	44,710	(338,912)
Net increase in liabilities other than deferred income taxes and bonds and debentures payable	77,062	1,191,764
Issue of common shares for cash	2,072,700	42,852
Total cash provided	<u>6,051,215</u>	<u>4,032,197</u>
Cash expended:		
Net increase (decrease) in accounts receivable and prepaid expenses	93,141	(41,849)
Purchase of fixed assets (net)	1,808,293	1,060,358
Retirement of bonds and debentures payable	870,000	970,000
Redemption of preference shares	100,000	100,000
Dividends declared	893,646	350,794
Total cash expended	<u>3,765,080</u>	<u>2,439,303</u>
Increase in cash	<u>\$ 2,286,135</u>	<u>\$ 1,592,894</u>
Cash (net bank indebtedness) at beginning of year	\$ 194,782	\$ (1,398,112)
Cash at end of year	<u>2,480,917</u>	<u>194,782</u>
Increase in cash during year as above	<u>\$ 2,286,135</u>	<u>\$ 1,592,894</u>

(See accompanying notes to the financial statements)

THE JOCKEY CLUB LIMITED

AND ITS SUBSIDIARY COMPANIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

for the year ended December 31, 1969

(1) INCOME TAXES

Tax reductions realized prior to 1966 as a result of claiming capital cost allowances in excess of depreciation written (not reflected as deferred income taxes on the accompanying balance sheet) amount to \$3,051,000.

(2) BONDS AND DEBENTURES

	Principal amount issued	Outstanding December 31, 1968	Retired during the year	Outstanding December 31, 1969
First mortgage sinking fund bonds—				
5½% Series A, due January 1, 1971	\$ 4,000,000	\$ 1,400,000	\$200,000	\$ 1,200,000
6% Series B, due November 1, 1978	3,000,000	1,800,000	120,000	1,680,000
6% Series C, due November 15, 1980	3,000,000	2,220,000	120,000	2,100,000
5½% Series D, due May 1, 1982	3,000,000	2,460,000	120,000	2,340,000
5½% Series E, due Nov. 15, 1983	3,000,000	2,530,000	70,000	2,460,000
Sinking fund debentures—				
5½% due January 1, 1972	6,000,000	2,879,000	240,000	2,639,000
	<u>\$22,000,000</u>	<u>\$13,289,000</u>	<u>\$870,000</u>	<u>\$12,419,000</u>

Sinking fund payments and payments on maturity due on or before January 1, 1971—\$1,920,000.

(3) CAPITAL STOCK

(a) The authorized and issued and outstanding capital of the company as at December 31, 1969 is as follows (with comparative figures as at December 31, 1968):

Authorized—	1969	1968
299,760 (1968—309,760) first preference shares with a par value of \$10 each		
500,000 (1968—500,000) second preference shares with a par value of \$10 each		
6,119,646 (1968—6,119,646) common shares without par value		
Issued and outstanding—		
200,092 (1968—206,092) 6% cumulative redeemable first preference shares, Series A (redeemable at \$10.50 per share)	\$ 2,000,920	\$ 2,060,920
99,668 (1968—103,668) 5½% cumulative redeemable first preference shares, Series B (redeemable at \$10.50 per share)	996,680 <u>\$ 2,997,600</u>	1,036,680 <u>\$ 3,097,600</u>
300,000 (1968—300,000) 5.60% cumulative redeemable second preference shares 1963 Series (redeemable at \$10.50 per share)	\$ 3,000,000 <u></u>	\$ 3,000,000 <u></u>
5,896,597 (1968—5,407,795) common shares	<u>\$14,606,866</u>	<u>\$12,534,166</u>

- (b) During the year the company purchased for cancellation first preference shares Series A and Series B having a par value of \$60,000 and \$40,000 respectively.

Under the conditions attached to the first preference shares Series A and Series B the company is required to allocate certain amounts to a sinking fund for the purchase of first preference shares Series A and Series B for cancellation. The amount required to be so allocated by January 15, 1970 will total \$100,000.

As the result of a rights issue during the year 404,196 common shares were issued for a cash consideration of \$1,818,882. In addition, 84,606 common shares were issued for \$253,818 in cash through the exercise of options granted to certain executives and managers of the company which entitle the holders thereof to purchase common shares at \$3 per share. At December 31, 1969 an additional 111,473 unissued common shares were reserved for these options which are exercisable up to February 27, 1971.

(4) DIVIDEND RESTRICTIONS

The provisions attached to the first and second preference shares and the trust deed and indentures supplemental thereto securing the bonds and the trust indenture relating to the debentures all contain provisions restricting the declaration and payment of dividends. At January 1, 1970 the amount of earned surplus available for dividends on the common shares under the most restrictive of these conditions was approximately \$4,250,000.

(5) PURSES

Grants paid to owners of horses on behalf of the Provincial Government totalling \$1,040,992 in 1969 have not been included in purse expense in the accompanying statement of profit and loss.

(6) COMMITMENTS

The company estimates that its current capital expansion program will cost an additional \$6,300,000. This program includes an extension of the Woodbine clubhouse, improvements to the grandstand and clubhouse at Greenwood, additional stabling at Garden City and continuation of the parking lot paving program.

(7) REMUNERATION OF MANAGEMENT

Directors, as such, receive no remuneration for their services. The aggregate direct remuneration paid or payable by the companies to the senior officers for the year was \$188,783.

THE JOCKEY CLUB LIMITED

subsidiary companies

THE ASCOT TURF CLUB, LIMITED

THE BELLEVILLE DRIVING AND ATHLETIC ASSOCIATION LIMITED

THE CHATHAM DRIVING PARK COMPANY, LIMITED

THE DUFFERIN PARK DRIVING CLUB LIMITED

ESSEX RACING AND ATHLETIC CLUB LIMITED

THE FORT ERIE JOCKEY CLUB LIMITED

GREENWOOD RACING CLUB LIMITED

THE HAMILTON JOCKEY CLUB (LIMITED)

KENILWORTH JOCKEY CLUB, LIMITED

LONG BRANCH JOCKEY CLUB, LIMITED

THE METROPOLITAN RACING ASSOCIATION OF CANADA (LIMITED)

THE NAPANEE DRIVING PARK ASSOCIATION LIMITED

ORPENDALE LIMITED

THE PETERBOROUGH TURF CLUB LIMITED

THE SIMCOE DRIVING PARK ASSOCIATION LIMITED

THE SUDBURY RIDING AND DRIVING PARK ASSOCIATION, LIMITED

THE THORNCLIFFE PARK RACING AND BREEDING ASSOCIATION, LIMITED

THE TORONTO DRIVING CLUB LIMITED

THE WINDSOR RACING AND ATHLETIC CLUB, LIMITED

